

Message Text

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DRAFTED BY: XMB: LMLAROCHE

APPROVED BY: EB/OCA/REP: BEBYRON

EB/IFD/ODF: RASWART

EUR/SE: BHIRSHORN (INFO)

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R 061658Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

INFO AMCONSUL ISTANBUL

UNCLAS STATE 132320

E.O. 11652: N/A

TAGS: EFIN, TU

SUBJECT: EXIMBANK FINANCING FOR LASSA TIRE PLANT

1. FOLLOWING TELEX SENT 6/5/75 TO OZAL, MINISTRY OF FINANCE, WITH COPIES TO COSKUNOGULU OF LASSA, DANISMAN OF AKBANK LONDON OFFICE, CAGLAYAN OF TURKISH EMBASSY, AND HALE AND KULLGREN.

2. QUOTE: IN ACCORDANCE WITH THE OPERATING AGREEMENT OF MARCH 15, 1973 BETWEEN THE GOVERNEMTN OF TURKEY AND THE EXPORT-IMPORT BANK OF THE UNITED STATES, THIS IS TO INFORM YOU THAT EXIMBANK IS PREPARED TO ISSUE ITS FORMAL COMMITMENT TO LASTIK SANAYI VE TICARET A.S. (LASSA) TO ASSIST IN THE FINANCING OF GOODS AND SERVICES REQUIRED FOR A TIRE MANUFACTURING PLANT WITH U.S. COSTS OF 55 MILLION.

EXIMBANK'S DIRECT AND INDIRECT ASSISTANCE WOULD TOTAL \$46.75 MILLION, OR 85 PERCENT OF U.S. COSTS, ON ESSENTIALLY THE FOLLOWING TERMS:

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GUARANTOR: THE REPAYMENT OF TWO-THIRDS, OR ABOUT \$31.15 MILLION, OF THE EXIMBANK DIRECT AND GUARANTEED CREDITS, WOULD BE GUARANTEED BY AKBANK T.A.S. AND TURKIYE GARANTI BANKASI JOINTLY AND SEVERALLY. THE REPAYMENT OF ONE-THIRD, OR ABOUT \$15.6 MILLION, OF THE EXIMBANK DIRECT AND GUARANTEED CREDITS, WOULD BE GUARANTEED BY ONE OR MORE OF ETIBANK, TURKIYE CUMHURIYETI ZIRAAT BANKASI, TURKIYE IS BANKASI A.S., OR YAPI VE KREDI BANKASI A.S. SEVERALLY.

FINANCING: 15 PERCENT CASH PAYMENT OF \$8.25 MILLION.
45 PERCENT EXIMBANK DIRECT CREDIT OF \$24.7

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MILLION AT 8 PERCENT INTEREST.
40 PERCENT PRIVATE EXPORT FUNDING CORPORATION (PEFCO) CREDIT OF \$22.00 MILLION WITH EXIMBANK GUARANTEE AT 1 PERCENT FEE.

COMMITMENT EXIMBANK DIRECT CREDIT - 1/2 OF 1 PERCENT,
FEES: EXIMBANK FINANCIAL GUARANTEE - 1/8 OF 1 PERCENT, ACCRUING FROM 8-1-75.

REPAYMENT: 16 SEMIANNUAL INSTALLMENTS, BEGINNING 1-31-78. GUARANTEED FIRST, EXIMBANK LAST.

DISBURSE- PARI PASSU
MENT:

AVAILABIL- 9-30-77.
ITY DATE:

OTHER LOAN FROM NON-U.S. SOURCES OF UP TO \$15
FINANCING: MILLION REPAYABLE IN NOT LESS THAN 7 EQUAL SEMIANNUAL INSTALLMENTS BEGINNING NOT EARLIER THAN 12-31-77.

ASSURANCE MINISTRY OF FINANCE, REPUBLIC OF TURKEY.
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OF EXCHANGE
AVAILABILITY:

PLEASE NOTIFY US AT YOUR EARLIEST CONVENIENCE WHETHER FINANCE MINISTRY APPROVES ISSUANCE OF COMMITMENT. INASMUCH AS THIS PROJECT HAS ALREADY BEEN SUBJECT OF DISCUSSION BETWEEN LASSA AND FINANCE MINISTRY, AND BETWEEN EXIMBANK AND TURKISH EMBASSY, AND CONCLUSION OF FINANCIAL ARRANGEMENTS

IS CRUCIAL FOR SPEEDY EXECUTION OF PROJECT, WE TRUST THAT
MINISTRY IS IN A POSITION TO REPLY PROMPTLY. END QUOTE.

CONCUR: CLAYTON-NORRIS
WARREN W. GLICK

KISSINGER

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